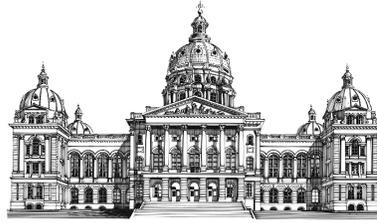


Iowa Legislative Fiscal Bureau

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State Capitol
Des Moines, IA 50319
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University of Iowa Health Sciences Complex

PURPOSE

This information is to provide a background and current status report regarding the construction of the Health Sciences Complex currently underway at the University of Iowa campus.

AFFECTED AGENCIES

University of Iowa, one of five institutions of the Board of Regents

CODE AUTHORITY

Chapter 262 and Chapter 263, Code of Iowa

BACKGROUND

Each year, the Board of Regents prepares a capital request plan on behalf of the institutions, for budget requests to the Governor and the General Assembly. Historically, this has been a two-year plan, and a ten-year plan, but is currently a five-year plan due to statutory changes. The Board prioritizes the requests. Generally this results in fire and environmental safety concerns grouped together as Priority #1 and deferred maintenance grouped together for all institutions as Priority #2. **Attachment A** is the tentative FY 1999-2003 five-year plan. The Board will take final action in September 1997 as part of the budget request process.

Funding Requests and Appropriations

A research facility for the College of Medicine at the University of Iowa was initially placed on the capital request plan for FY 1991. At that time, the Board requested \$13.0 million from the State for a \$49.4 million project, with other sources of funding to be sought by the University. The history of the request to the General Assembly is included in **Attachment B**. The General Assembly appropriated \$27.0 million from the Rebuild Iowa Infrastructure Fund beginning in FY 1998, towards a \$47.1 million Research Facility within a Health Sciences Complex estimated to cost \$111.4 million.

The University of Iowa has periodically reported to the Board of Regents since the initial plan was presented and placed on the capitals request plan list, and as it has expanded. The Board authorized planning for the Health Sciences Complex in June 1995. The Board

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approved the master site plan for the Complex at the May 1996 meeting, which includes several buildings and road relocation.

The current project includes razing of the Steindler Building and demolition of portions of the Medical Education Building at the University of Iowa campus prior to any construction on the building authorized by the General Assembly. Current plans call for March 1998 as a starting date of the Facility construction.

CURRENT SITUATION

The estimated cost per component of the Health Sciences Complex presented to the Board of Regents at the June 1997 meeting is as follows:

- Research Facility: \$47.1 million, not including furnishings and equipment.
 - Design and Consultant: \$5,420,000
 - Construction: \$37,708,000
 - Art in State buildings: \$236,000
 - Contingency: \$3,771,000
- Health Sciences Complex parking ramp: \$12.0 million.
 - Consultant: \$765,815
 - Design: \$668,185
 - Construction and site development: \$7,600,000
 - Parking control and security equipment: \$360,000
 - Chilled water space: \$1,600,000
 - Contingency: \$956,000
- Health Sciences Complex utility relocation: \$10.2 million.
 - Conceptual development: \$65,000
 - Consultants: \$1,071,000
 - Design: \$88,000
 - Construction: \$8,160,000
 - Contingency: \$816,000
- Relocation of Newton Road: \$1.8 million.
 - Conceptual development: \$29,500
 - Consultant: \$216,000
 - Design: \$32,500
 - Construction: \$1,382,000
 - Contingency: \$140,000
- Demolition of the Steindler Building (which currently houses portions of various departments such as Family Practice, Medicine Administration, and Physical Therapy, and the Student

Health Services which is being relocated to Westlawn), renovations to the Medical Education Building, renovations to the General Hospital, and site development: \$40.3 million, including:

- Steindler relocations: \$5,438,000
- Equipment and furnishings: \$5,800,000
- Remodeling of various science buildings: \$19,229,000
- Site development: \$3,348,000
- Chilled water plant: \$6,500,000

Renovation and an addition to Westlawn: The \$3.1 million cost associated with the addition for the College of Medicine is included in the total \$111.4 million cost. The \$3.8 million cost associated with the renovation for the Student Health Service is in addition to the total \$111.4 million.

The timeline for the Health Sciences Complex presented to the Board of Regents at the June 1997 meeting includes:

- Site preparation: Completion estimated Fall 1998. Includes removal of north section of the Medical Education Building, temporary parking lots, beginning Newton Road relocation, relocation of utilities, and the addition to the Westlawn Building.
- New Facility Construction: Completion estimated Summer 2001. Includes demolition of the west half of the Steindler Building, construction of the new facility, construction of the parking ramp, and completion of the Newton Road relocation.
- Pathway Construction: To begin in 2001. Includes demolition of the east half of the Steindler Building, removal of the remaining portions of Newton Road, and construction of the new pathway system.
- Completion of the total project: Fall 2001.

The sources of funding provided to the Board of Regents at the June 1997 meeting included:

- Medical Education and Biomedical Research Facility: State appropriation of \$27.0 million, self-liquidating revenue bonds, and College of Medicine gifts and earnings.
- Parking Ramp: Parking system revenue bonds and utility system revenue bonds.
- Utility relocation: Capital appropriation from the State, revenue bonds, and Treasurer's Temporary Investments (TTI).
- Newton Road relocation: Institutional road funds, an allocation from the Department of Transportation.

Also at the June 1997 meeting, the Board of Regents divided the appropriation provided by the 1997 General Assembly for FY 1998 between the various projects approved by the General Assembly. This includes \$7.3 million for the Research Facility included in the Complex. The remainder of \$27.0 million appropriation for the Facility is scheduled for distribution in FY 1999 or FY 2000, based upon estimated cash flow needs. This \$7.3 million reflects the estimated cash flow which the Board of Regents has submitted to the Department of Management for the FY 1998 draw from the Rebuild Iowa Infrastructure Fund for the Facility.

OPENING NEW BUILDING COSTS

The General Assembly has historically provided appropriations to Regents institutions for the costs related to opening buildings authorized by the General Assembly for the portion of the project funded by the State. Remaining opening costs will be from other funding sources. These expenditures typically include staffing costs for janitorial duties and utility costs. Due to the research nature of this Facility, it is expected that utility costs will be greater than the average square footage cost of educationally-related buildings. Estimated costs would be \$3-4 per square foot for office space and \$8-9 per square foot for research space.

Using the 204,000 gross square feet (gsf), while subtracting the 52,000 gsf that will be left as shell space and completed with private funds, the University estimates that approximately 1/3 will be educational and office space and 2/3 will be research space. The estimated total cost for opening the building is \$1,115,000. The State will be financing 57.3% of the current construction cost of the Facility, therefore, the State share of the estimated opening cost would be \$639,000. These amounts are reported in 1997 dollars and may actually be higher due to inflation at the date of the actual legislative budget request scheduled for FY 2001.

This calculation does not include a possible reduction due to the razing of the Steindler building, which is 118,000 gsf. Assuming total office space, this would be a savings of \$472,000 (in FY 1997 dollars) in annual building costs that the University would not be required to maintain. An additional 18,700 gsf of the former Psychiatric Hospital has been eliminated from the north wing of the Medical Education Building. Assuming total office space this represents a savings of \$74,800 in annual building costs no longer maintained.

OTHER FISCAL IMPACT

The University received a total of \$33.4 million in FY 1997 in reimbursed indirect costs. A significant amount of this results from reimbursement of grants and contracts for costs relating to research, such as utilities and janitorial services. Once planned space in the Facility (2/3 of the gsf) reaches a point of self-support from indirect costs for research, the General Assembly may be able to reduce the appropriation made for opening new building costs.

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**TABLE 1
BOARD OFFICE
PRELIMINARY RECOMMENDATIONS
FIVE YEAR CAPITAL PRIORITY PLAN
GENERAL / INFRASTRUCTURE FUNDS
FISCAL YEARS 1999 THROUGH 2003
(\$ Thousands)**

Inst.	Project	FY 1999		FY 2000		FY 2001		FY 2002		FY 2003		TOTAL GEN. FUND	OTHER FUNDS	TOTAL
		Pri- ority	Amount	Pri- ority	Amount	Pri- ority	Amount	Pri- ority	Amount	Pri- ority	Amount			
<u>New Construction, Renovation, and Utilities</u>														
UNI	Steam Distribution System Replacement, Ph 1					(1)	\$3,400					\$3,400		3,400
ISU	Gilman Hall Addition - Systems Upgrade					(2)	8,500					8,500		8,500
SUI	Biology Renovation / Addition, Phase 2					(3)	13,676					13,676		13,676
UNI	Biology Center Addition					(4)	10,000	(1)	\$4,300			14,300		14,300
ISU	Morrill Hall Deferred Maint. and Remodel					(5)	7,600					7,600		7,600
Regents	Lakeside Laboratory Improvements					(6)	140					140		140
SUI	Art Building					(7)	6,700	(2)	6,450			13,150		13,150
UNI	East Gym Renovation					(8)	1,500	(3)	4,100	(1)	\$5,000	10,600		10,600
ISU	Livestock Units for Swine & Cattle Research					(9)	4,420					4,420		4,420
ISU	LeBaron Hall - Systems Upgrade					(10)	1,560					1,560		1,560
SUI	Steam Distribution Infrastructure					(11)	1,000					1,000		1,000
SUI	Power Plant - East Egress Steam Tunnel					(12)	1,561					1,561		1,561
SUI	Power Plant - Second Ash Site					(13)	1,144					1,144		1,144
UNI	Steam Distribution Sys. Replace., Phase II							(4)	2,000	(2)	2,100	4,100		4,100
ISU	General Classrooms and Auditoriums							(5)	6,000	(3)	3,000	9,000		9,000
SUI	Chemistry Building - Renovate Auditorium							(6)	2,500			2,500		2,500
UNI	McCullum / Physics Science Bldg Renovation							(7)	6,100			6,100		6,100
SUI	Communications Center Remodeling							(8)	2,236			2,236	\$2,000	4,236
ISU	Residence System - Academic Program Space							(9)	4,000	(4)	2,000	6,000		6,000
SUI	Instructional Technology Facility Remodeling							(10)	6,240			6,240		6,240
ISU	Coover Hall (Electrical Engineering)							(11)	12,800			12,800		12,800
SUI	Chemistry Building - East Wing Renovation							(12)	1,000	(5)	12,721	13,721		13,721
ISU	Agricultural and Biosystems Engineering							(13)	500	(6)	18,000	18,500		18,500
SUI	Seashore Hall Remodeling							(14)	6,000	(7)	10,498	16,498		16,498
UNI	Sabin Hall Renovation									(8)	8,000	8,000		8,000
ISD	Recreation Complex									(9)	60	60		60
ISU	Gilman Hall - Phase IV									(10)	1,500	1,500		1,500
SUI	Currier Hall - Academic Support Space									(11)	6,000	6,000		6,000
	Subtotal		\$0		\$0		\$61,201		\$64,226		\$68,879	\$194,306	\$2,000	\$196,306
<u>Fire Safety, ADA Access, and Deferred Maintenance</u>														
SUI,	Fire & Environmental Safety		\$150		\$50		\$2,000		\$2,000		\$2,000	\$6,200		\$6,200
ISU, ISD	Access for People with Disabilities				75						75			75
ISD, IBSSS	Deferred Maintenance		125		272		3,190		3,175		3,175	9,937		9,937
ALL	Subtotal		\$275		\$397		\$5,190		\$5,175		\$5,175	\$16,212	\$0	\$16,212
	TOTAL		\$275		\$397		\$66,391		\$69,401		\$74,054	\$210,518	\$2,000	\$212,518

Attachment B
University of Iowa Medical Education/Research Building Request History

Biennium Submitted	Request referred to as:	Requested Funding	Year Requested For	Assigned Board Priority	Total Project Cost	Legislative Action
1991-92	College of Medicine Research Facility	\$3,000,000	1991	#11	\$49.4 million, other	\$0
		10,000,000	1992	NA	sources will be sought.	\$0
		28,950,000	1993-94	NA	\$42.0 million from State.	\$0
1992-93	Bio-medical Research Building	1,000,000	1992	#5	\$46.5 million, other	\$0
		15,000,000	1993	#3	sources will be sought.	\$0
		23,963,000	1994-96	#3		\$0
	Bio-medical Research Building-Equipment	6,000,000	1994-96	NA	\$6,000,000	\$0
1993-94	Bio-medical Research Building	1,000,000	1993	#9	\$47.8 million total.	\$0
		10,000,000	1994	#6	Total State requests of	\$0
		20,700,000	1995	#4	\$36.8 million planned.	\$0
		10,000,000	1996	#3		\$0
		6,100,000	1996	#3		\$0
	Bio-medical Research Building-Equipment					
1994-95	Bio-medical Research Building	4,400,000	1996	#9	\$43.8 million total.	\$0
		19,700,000	1997	#3		\$0
		19,700,000	1998	#4		\$0
1995-96	Bio-medical Research Building	4,400,000	1997	#12	Other funds of \$7.0	\$0
		19,700,000	1998	#8	million for total of	\$0
		26,100,000	1999	#5	\$57.2 million.	\$0
1996-97	Bio-medical Research	1,500,000	1996	#10	Other funds will	\$0
		5,000,000	1997	#9	supplement if	\$0
		10,000,000	1998	#6	necessary.	\$0
		10,000,000	1999	#3		\$0
		3,500,000	2000	#3		\$0
1997-98	Bio-medical Research and Education	2,000,000	1997	#9	\$28.0 million in other	\$0
		25,000,000	1998	#5	funds. \$55.0 million total cost.	\$0
1998-99	Medical Education and Biomedical Research Fac.	27,000,000	1999*	#5	Total cost of complex \$105.5 million. Facility total was \$42.8 million.	27,000,000 **

*In an agreement with the General Assembly, the Regents did not request capital funds for FY 1998.

**In HF 733, (Infrastructure and Capitals) the General Assembly appropriated \$27.0 million from the Rebuild Iowa Infrastructure Fund for the Facility, within the \$70,415,000 appropriation for the fiscal period FY 1998-FY 2001. The Governor recommended 30% from the RIIF, or approximately \$78 million between FY 1999 and FY 2002.